

**MINUTES
REGULAR MEETING
UTILITY SERVICE BOARD
JULY 20, 2009**

The Regular Meeting of the Utility Service Board of the City of Jasper, Indiana, was held in the Council Chambers of City Hall in Jasper at 7:00 PM on Monday, July 20, 2009.

The meeting was called to order by Chairman Alex Emmons and Mayor William Schmitt. The first part of the meeting was a joint meeting with the Common Council to hear the presentation from Energy Systems Group. Clerk-Treasurer Juanita Boehm called the roll for the Common Council. (The Common Council has a separate set of minutes.)

UPON CALL OF THE ROLL, THE FOLLOWING WERE PRESENT:

Alex Emmons – Chairman
Wayne Schuetter – Vice Chairman
Rick Stradtner - Secretary
Doug Schulte – Water Commissioner
Mike Harder – Wastewater Commissioner
Ken Sendelweck – Electric Commissioner

ALSO PRESENT:

Jerry Schitter – Electric Distribution Manager
Windell Toby – Electric Generation Manager
Michael A. Oeding – Gas & Water Manager
Ed Hollinden – Wastewater Manager
Bud Hauersperger – General Manager
Sandy Hemmerlein – City Attorney

ABSENT:

Greg A. Krodel – Gas Commissioner

PLEDGE OF ALLEGIANCE

Chairman Alex Emmons and Mayor Schmitt led the Pledge of Allegiance.

PRESENTATION BY ENERGY SYSTEMS GROUP (B-113)

Doug Tischbein from Energy Systems Group (ESG) came before the Board and the Common Council to make a presentation on Guaranteed Energy Savings Contracts and to explain their findings from the feasibility study conducted on the Power Plant and Civil City Departments.

Mr. Tischbein informed the panel that ESG was established in 1994 and is a wholly owned subsidiary of Vectren, which is based out of Evansville, Indiana. They are focused on the design and implementation of strategic energy master plans for non-profit organizations such as

municipalities, schools, hospitals, and universities. ESG implements these master plans through a series of steps. They look at the supply or specific utilities and study the rates, procurement, and commodity management of these utilities. They then develop the energy projects to modernize your assets. Programs are put into place to audit the projects, model, train, support, and outsource to gather the information. Financial Services are available to lease or finance the projects, as well as help with energy grants and savings guarantees.

ESG performed an energy audit on all of the City departments to determine if there were any energy savings opportunities. A list of possible improvements was compiled. Some examples include improving to energy efficient lighting, upgrade temperature controls, and installing high efficiency HVAC units.

As far as the Power Plant is concerned, ESG is proposing to transfer it from a coal plant to a biomass plant. There will have to be some boiler and fuel processing equipment modifications or upgrades to handle biomass. These aspects will need to be studied further. ESG is currently looking at wood being the alternate fuel. Poultry litter and wastewater sludge could also be considered in the future.

If the Power Plant is kept as a coal burning plant, there would be an estimated \$3 to 4 million dollar investment in the near future due to upcoming legislation with carbon credits, etc. to be able to run the plant.

Mr. Tischbein stated that the total project cost to upgrade the Power Plant to biomass and do all the improvements to the Civil City departments would be \$11 million. If the project was financed at 6% over 20 years, less costs, the total savings over the 20 year term would be approximately \$24 million. The payback would be 6.67 years.

These types of projects or contracts also guarantee savings. If the City does the improvements to the Civil City departments, ESG guarantees that during the first year the City will save \$40,000 in energy costs, right off of the utility bills. If the City only saves \$20,000 during the first year, ESG will write the City a check for the \$20,000 difference. If the City saves \$50,000 during the first year, we get to keep the \$10,000.

Mr. Tischbein then explained the financial proposal. The City would receive the money at tax exempt rates. There is an unlimited borrowing capacity. The City can borrow as much or as little as it wants. It is an uncontrolled financing process with non-appropriation treatment. The funds can be available immediately. The debt service payments do not begin until the project is completed and the City starts receiving savings. According to this plan, funding would be in January 2010, with debt service payments to begin in January 2011.

The process to proceed would be to issue requests for qualifications, select a provider, negotiate a letter of intent to complete an Investment Grade Audit and prepare a final proposal.

Alex Emmons proposed taking this information to the Electric Planning Committee and letting them work on the details. Mayor Schmitt agreed. Councilman Dave Prechtel made a motion to assign the Energy Systems Group project to the Electric Planning Committee for further review. Councilman Kevin Manley seconded the motion. Motion approved. It was decided to hold the Electric Planning Committee meeting on Friday, July 24th at 8:30 AM in the Pfaffenweiler Room at City Hall.

A motion was made by Councilman Tom Schmidt to adjourn the Common Council meeting. Randy Buchta seconded the motion. Motion approved.

The Utility Service Board Meeting then proceeded.

QUOTE OPENING: PAVEMENT REPAIR & SEALING – GAS & WATER (A-129)

Sandy Hemmerlein opened the quotes and read them aloud as follows:

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|----|----------------------------------|-------------|-------------|
| 1. | J. H. Rudolph
Huntingburg, IN | Paving Only | \$15,039.00 |
|----|----------------------------------|-------------|-------------|

The quote included a non-collusion affidavit.

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|----|----------------------------------|-------------------|----------------------------|
| 2. | Hunter Paving
Huntingburg, IN | Paving
Sealing | \$ 7,150.00
\$ 9,438.00 |
|----|----------------------------------|-------------------|----------------------------|

The quote included a non-collusion affidavit.

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|----|-----------------------------|---------|-------------|
| 3. | Pave Tech
Evansville, IN | Sealing | \$13,780.00 |
|----|-----------------------------|---------|-------------|

The quote included a non-collusion affidavit.

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|----|-----------------------------|--------|-------------|
| 4. | Calcar Paving
Jasper, IN | Paving | \$ 7,766.00 |
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The quote included a non-collusion affidavit.

Mike Oeding asked that the quotes be taken under advisement to have City Engineer Chad Hurm look at them. Rick Stradtner made a motion to take the quotes under advisement and report back at the next meeting. Wayne Schuetter seconded the motion. Motion approved, 6-0.

APPROVAL OF MINUTES (A-226)

Chairman Alex Emmons presented the minutes of the June 15, 2009, Regular Meeting and there being no corrections or amendments, asked for a motion to approve. Ken Sendelweck made a motion to approve the minutes of the June meeting as presented. Doug Schulte seconded the motion. Motion approved, 6-0.

COMMENTS FROM THE CHAIRMAN (A-236)

Chairman Alex Emmons wanted to take the time to recognize Electric Distribution Manager Jerry Schitter. Jerry Schitter was recognized in the IMEA newsletter for being placed on the American Public Power Association's honor roll for his dedication to his public power community. The Board congratulated Schitter on this recognition.

POLE ATTACHMENT AGREEMENT WITH SMITHVILLE TELEPHONE (A-252)

Jerry Schitter said he was contacted by Smithville Telephone requesting to attach to some of our electric poles in the City. They recently ran some underground lines through the City. In order to do this, they need to sign a Pole Attachment Agreement.

Sandy Hemmerlein stated this will be the same type of agreement that has been signed in the past with PSCI. The annual price per pole attachment will be set by the CPIU. In 2008 it was \$9.00 per attachment. After signing the agreement, Schitter will have the authority to approve any new attachments without having to bring it back to the Board for approval. The initial request is for 32 pole attachments. This will be a 10 year agreement.

Mike Harder made a motion to approve the Pole Attachment Agreement with Smithville Telephone, subject to the Electric Distribution Manager approving the placement of the attachments as they are presented. Doug Schulte seconded the motion. Motion approved, 6-0.

PAVING THE METER DEPT. PARKING LOT (A-363)

Schitter stated the base coat of paving is done and the top coat will be done by the end of the week and the project will be complete. The final cost of the project should be very close to the quote that was received.

POWER PLANT UPDATE (A-372)

Windell Toby stated the Power Plant ran for several days in June. It ran from Monday, June 22nd until Saturday, June 27th.

ELECTRIC PLANNING COMMITTEE REPORT (A-377)

Ken Sendelweck, Chairman of the Electric Planning Committee, stated the committee did not meet during the past month.

ACCEPT QUOTE FROM MORTON BUILDINGS TO FINISH STORAGE BUILDING (A-379)

Mike Oeding said City Engineer Chad Hurm reviewed the quote from Morton Buildings and it is acceptable. Oeding said he has the Notice of Award, Notice to Proceed and the contract for the Board to sign tonight.

Wayne Schuetter made a motion to accept the quote from Morton Buildings for \$61,390. Rick Stradtner seconded the motion. Oeding stated there will eventually be a change order deduction coming through for removing the trench drain. Motion approved, 6-0.

CHANGE ORDER FOR CHURCH AVENUE PROJECT (A-405)

Oeding stated that Messmer Mechanical came in today with the change order for the additional paving that had to be done on the Church Avenue project. This will be an addition of \$2,550. This brings the total of the project to \$136,265. The project is now complete.

Ken Sendelweck made a motion to approve the change order for an addition of \$2,550 for Messmer Mechanical. Mike Harder seconded the motion. Motion approved, 6-0.

GAS PLANNING COMMITTEE REPORT (A-421)

Alex Emmons, Chairman of the Utility Service Board, stated the committee did not meet during the past month.

WATER PLANNING COMMITTEE REPORT (A-430)

Doug Schulte, Chairman of the Water Planning Committee, stated the committee did not meet during the past month.

RESULTS OF QUOTE OPENING FOR MANHOLE RE-LINING (A-432)

Ed Hollinden informed the Board that the quote for re-lining the manholes from Spectra Tech in Noblesville, IN met the specifications. Their quote was \$270 per vertical foot.

Doug Schulte made a motion to accept the quote from Spectra Tech for \$270 per vertical foot, for a total not to exceed \$30,000. Wayne Schuetter seconded the motion. Motion approved, 6-0.

WASTEWATER PLANNING COMMITTEE REPORT (A-449)

Mike Harder, Chairman of the Wastewater Planning Committee, stated the committee did not meet during the past month.

SOFTWARE CONTRACT (A-450)

Bud Hauersperger said the software vendor search was narrowed to two vendors and budgetary quotes were received from each vendor. He presented a spreadsheet to the Board comparing the two vendors.

Hauersperger said all five people that were at the demonstrations agreed that CUSI was the preferred vendor. The CUSI software was more user-friendly and functional. CUSI also does a lot of upfront work with their GAP Analysis. Through the GAP Analysis they will study our system and processes before signing a software contract to make sure that their system will work for us. Hauersperger said this was another beneficial item that CUSI provided.

Sandy Hemmerlein reviewed the GAP Analysis Agreement and found a few issues. They charge travel expenses, which we don't normally pay. They resolved that by issuing a not to exceed price for the travel expenses. They also wanted a 50% payment up front and the State Board of Accounts does not allow this. CUSI agreed that the 50% fee will not be paid until the Board approves the claim at the next regular meeting.

Hauersperger asked for approval to get the GAP Analysis done for a fee of \$12,000. A document will be received outlining their findings.

The Board then asked questions about the reason for wanting to change software and questions about both software vendors and hardware.

Wayne Schuetter made a motion to enter into the GAP Analysis agreement with CUSI for \$12,000. Mike Harder seconded the motion. Motion approved, 6-0.

FINANCE COMMITTEE REPORT & PRESENTATION OF CLAIM DOCKET (A-708)

Rick Stradtner reported the Finance Committee had met and reviewed the claims on the Claim Docket.

The Finance Committee recommended approval of the claims as presented.

Wayne Schuetter made a motion to approve the claims as presented. Doug Schulte seconded the motion. Motion approved, 6-0.

PERMISSION TO HIRE OUTSIDE COUNSEL (A-714)

Sandy Hemmerlein asked the Board for permission to hire outside counsel for help with reviewing contracts, etc. when it comes to the Power Plant project with Energy Systems Group. She is unfamiliar with these types of contracts and there is a large dollar amount involved. She stated that she would not use Ice Miller, as this is the same firm that ESG uses.

Hemmerlein said she will come back to have a contract approved by the Board, once she finds a firm that has handled these types of issues before.

Ken Sendelweck made a motion to allow City Attorney Sandy Hemmerlein to look for outside counsel to help with the Power Plant project. Wayne Schuetter seconded the motion. Motion approved, 6-0.

There being no further business to come before the Board, the meeting was adjourned at 8:55 PM upon motion by Mike Harder and second by Wayne Schuetter. Motion approved, 6-0.

The minutes were hereby approved _____ with _____ without corrections this _____ day of _____, 2009.

Attest: _____
Secretary Chairman